# Governor's Office of Agricultural Policy

"Compliance Corner" Breakout Session 2009 Annual Meeting



# Governor's Office of Agricultural Policy

#### Staff

#### 18 Staff members

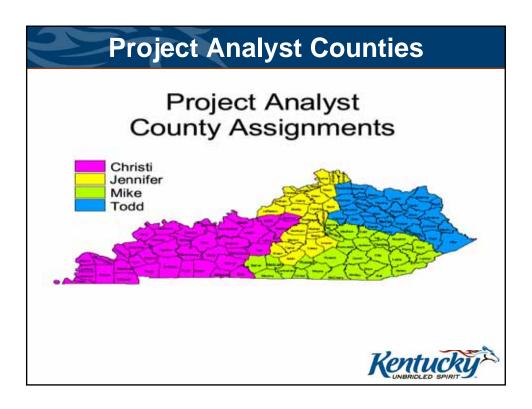
#### **Compliance Department:**

Diane Fleming, General Counsel Kylee Smith, Senior Compliance Coordinator Jennifer Daniels, Compliance Specialist

#### **Project Analysts:**

Christi Marksbury, <u>ChristiL.Marksbury@ky.gov</u> Jennifer Hudnall, <u>Jennifer.Hudnall@ky.gov</u> Mike Tobin, <u>Mike.Tobin@ky.gov</u> Todd Harp, <u>Todd.Harp@ky.gov</u>





### **Revision Process**

- > Staff gathers requested changes throughout the year
- ➤ Revisions are compiled, reviewed, and recommendations made in early Fall
- ➤ KADB holds planning session in the Fall and reviews recommended revisions to model programs
- ➤ Changes for 2009...



# 2009 "Proposed Changes"

- ➤ All programs will be offered in Menu fashion;
- ➤ Blackout period on Model Programs/Menus from January 5, 2009 – March 20, 2009;
- ➤ One Administrator will be responsible;
- **➤** Allocations of Funds;



# 2009 "Proposed Changes" cont.

- ➤ Producer Cost-share funds will be limited on an annual basis;
- ➤ Eliminate Lifetime Limits;
- ➤ A standardized application with scoring system will be developed; and,
- ➤ Investment Area Change.



# 2009 Changes to General Guidelines...

- ➤ Producer Definition → A producer is defined by use of Social Security Number (SSN) and Farm Serial Number (FSN). Both shall be provided when applying. Once the Social Security Number (SSN) or Farm Serial Number (FSN) is used, neither are eligible to be used again.
- ➤ Cost-share on Labor is <u>not</u> an eligible item, materials only.



### 2009 Changes to General Guidelines...

- ➤ Administrative funds are intended to pay expenses <u>related</u> to administering the Kentucky Agricultural Development Fund programs. Funds shall not be used for unrelated expenses. GOAP reserves the right to request proof of expenses.
- ➤ Tenant farmers or those leasing land where the costshare improvement will be located should supply a copy of their Schedule F as well as a letter from the land owner giving permission to use owner's FSN and agreeing to allow the tenant access to the cost-share items for a minimum of five years.



### 2009 Changes to General Guidelines...

➤ [For capital construction projects] Producers shall provide an annual report to administrators on the program and maintain ownership of the property for 5 years past the participation date in the program. Should a producer fail to maintain ownership of property for the entire 5 years, administrators shall require a return of funds on a pro-rated basis\*. Failure to return funds will result in producer being ineligible to receive additional KADF.

\*Emergency early release is possible in the case of death, illness, physical inability or transfer within immediate family and must be approved by the local administrative entity.



### 11 Investment Areas

- ➤ Agricultural Diversification
- Cattle Genetics Improvement
- ➤ Cattle Handling Facilities
- ➤ Commercial Poultry, Dairy, & Swine
- $\succ$  Farm Livestock Fencing Improvement
- ➤ Farm Structure & Commodity Handling
- ➤ Forage Improvement & Utilization
- ➤ Goat & Sheep Diversification
- On-Farm Water Enhancement
- ➤ Shared-use
- ➤ Technology



# 2009 Changes Investment Area Specific

#### **Agricultural Diversification**

- ➤ Include washing equipment in Commercial Vegetable area
- ➤ Move Timber Production back into Ag. Div.

#### **Cattle Genetics**

- ➤ Raise standard/review EPS requirements
- ➤ Lower cost-share to 1/3 on bull purchase or lease
- ➤ Cost0share up to 50% of DNA test

#### **Cattle Handling**

➤ Include animal waste spreaders under animal waste handling and distribution equipment



# 2009 Changes Investment Area Specific

#### Commercial Poultry, Dairy, & Swine

Combine theses three investment areas into one

#### **Commercial Poultry**

- > Remove the following eligible items:
  - o Equipment essential to provide on-farm value-added processing
  - o Refrigerated and non-refrigerated equipment for transporting product
  - o Promotional and advertising materials

#### Dairy

- ➤ Change forage mixers to forage/TMR mixers
- ➤ Include hoof trimming chutes, foot baths, and shade cloth
- ➤ Include water beds after free-stall mattresses
- ➤ Change calf-rising facilities to young stock facilities

#### Swine

➤ Include animal waste handling and distribution equipment



# 2009 Changes Investment Area Specific

### **Farm Livestock Fencing Improvement**

- ➤ Increase cost-share from \$1.00/linear foot to \$1.50/linear foot
- Remove the per acre calculation option & pay based on feet of fence built

#### Forage Improvement & Utilization

- ➤ Include herbicide in the Forage/Pasture Development and Pasture/Grain Improvement sections
- ➤ Include animal waste spreaders under Forage/Pasture Development section
- ➤ Include expenses associated with water meter installation under Fence and Water section



# 2009 Changes Investment Area Specific

### Farm Structure & Commodity Handling

- ➤ Formerly Hay, Straw, & Commodity Storage
- ➤ Change from "Hay Handling Equipment" to "Commodity Handling Equipment" and include hay rings and concrete and portable feed bunks
- ➤ Change round bale wagon to hay wagon and bale packager to bale accumulator
- ➤ Change payments from 90/10 to 100% at completion of project



# 2009 Changes Investment Area Specific

### **Goat & Sheep Diversification**

- ➤ Combine Side Panels, Gates, and One-way Gates into one Gate category
- ➤ Require that equipment must be owned and maintained for 5 years to be consistent with other programs

### **On-Farm Water Enhancement**

➤ Include expenses associated with water meter installation

### **Shared-use Equipment**

➤ Collection of future rental fees as match for equipment purchased is <u>not</u> allowed



### **Administrator Responsibilities**

- ➤ Completion & Submission of application
- ➤ Advertising two-weeks (after executed legal agreement) prior to "sign-ups"
- ➤ Holding "sign-ups" and educational session(s)
- ➤ Reviewing & scoring applications
- Notifying applicants of approval & deadlines to submit receipts for reimbursement
- Keeping accurate records and maintaining records
- ➤ Conducting site visits
- ➤ Providing reports to GOAP Compliance Department



### Administrative Funds

Program administration funds may be used for costs that are associated with:

- 1. Processing of producer payments;
- 2. Processing of producer applications;
- 3. Completion of program reporting forms;
- 4. Promotion of program availability;
- 5. Cost of bonding; and
- 6. Program compliance activities

Administrative funds may be kept after end of program to send 1099's, etc. Documentation must be maintained for proof of expenditures for administrative activities.

Administrative Funds shall have a 5% cap



### **Fund Disbursement Process**

- Separate checking account for Kentucky Agricultural Development Funds
- ➤ Checks written to farmers <u>must</u> have two (2) signatures
- ➤ Program Administrator must be bonded
- ➤ Administrative Entity <u>must</u> be registered and in good standing with the Office of the Secretary of State
- Funds will only be released when Administrative Entity is up-to-date on all reporting

### Reconciliation & Completion

- Summary sheet and detail for payees since last report
- ➤ **Return funds** = balance on final summary sheet + any admin that cannot be substantiated with receipts/invoices
- ➤ Any **interest earned** should be on summary sheet and also included in returned funds
- ➤ Checks payable to "Kentucky State Treasurer"
- No producers should be funded from completed programs
- ➤ Completion Letter mailed to Administrator & County Ag. Dev. Council (Extension Office) with copy of payee list w/o SSN/FSN

### **Open Records**

### Administrator Responsibility

- 1. Public vs. Open Records
- 2. Written request for exact record(s)
- 3. Written response within 3 business days
- 4. If record exempt, then respond with reason why information withheld.

http://ag.ky.gov/civil/orom/



